

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (9/5):**

BUTTER: Grade AA closed at \$1.6600. The weekly average for Grade AA is \$1.6638 (+.0563).

CHEESE: Barrels closed at \$1.7750 and 40# blocks at \$1.7850. The weekly average for barrels is \$1.6844 (+.0304) and blocks, \$1.7200 (+.0135).

BUTTER HIGHLIGHTS: The Grade AA cash butter price at the CME Group pushed to a new 2008 high price of \$1.6950 this week, before losing some steam and closing the week at \$1.66. The last time butter neared/topped \$1.70 was in September 2005. Cream was handled well over the Labor Day holiday with surplus welcomed at butter churns. Offerings were moderate to heavy due to lower production of higher Class items and more standardized cream coming from bottlers. Butter production is active with the focus on printing for upcoming needs. Additional bulk butter is being pulled from storage to be converted into prints. Direct export interest for butter has slowed as U.S. pricing has increased, the U.S. dollar has strengthened, and other international butter supplies have surfaced. Domestic demand for prints is light to moderate following the holiday weekend. Food service orders are realigning as summer accounts slow and other accounts assess needs. On September 2, under the CWT Program, an announced 1.9 million pounds of butter and 40,000 pounds of anhydrous milkfat were committed for export. Accepted bids for 2008 export obligations for butter total 36 million pounds and anhydrous milkfat is 10.3 million pounds.

CHEESE HIGHLIGHTS: The cheese market is rebounding as the volume of cheese offered and sold declined on the CME Group cash cheese market this week. Movement continues solid for most natural varieties as buyers take advantage of lower prices to build fall inventory. Best interest remains from private label retail accounts. Food service demand is mixed, depending on customer segment. Mozzarella and provolone supplies have tightened, typical for fall. Cheese production is generally lower both before and after the holiday weekend as Class I interest is stronger with more schools open for the new term. The stormy weather in the Southeast may be impacting the overall volume of fluid shipments into the region, keeping more available for manufacturing than some firms planned. The Kansas City Commodity Office announced Solicitation PCD7-014 seeking between 14.4 and 50.2 million pounds of process cheese for January 1 – December 31, 2009 delivery. Offers are due September 16.

FLUID MILK: Sales into school accounts are keeping Class I needs at relatively high levels in most areas of the country at the same time that milk production is closing in on the seasonal low point. Most balancing plants are operating well within their capacities. Recent tropical storm activity and related changes in consumer buying habits have curtailed the need for some fluid shipments into the Southeast. Northeast and Middle Atlantic milk production is at seasonal levels. California milk production is trending lower as a response to a recent spate of hot weather. Some producers are noting decreases of up to 7% less milk going into bulk tanks. In the Pacific Northwest, milk production is tapering seasonally. Cool weather is retarding plant maturation and delaying forage harvesting in some locations, and both issues are adding to producer concerns that fall/winter feed stocks and quality may be adversely affected. Arizona milk production is holding steady, and component values are starting

to rebound. Condensed skim and cream use by frozen dessert manufacturers are generally on the decline, which is sending more condensed skim to the dryers and more cream into churns.

DRY PRODUCTS: Prices on dairy protein based dry products generally moved lower, and most product markets have weaker undertones. Spot market activity is light for most commodities. Nonfat dry milk prices are lower as WPC 34% is offering a lower cost alternative to some end users. NDM production is steady and at seasonal levels at most facilities. Dry buttermilk prices declined even though some manufacturers are trying to hold firm on pricing. Standardized cream generation is leading to higher churning activity, and condensed buttermilk sales are slowing into Class II-type end users, leading to more dry buttermilk production and building inventories at some facilities. Prices on dry whey declined in the Central and West regions, and the price spread between those two regions is allowing some Central product to fill Western needs. Export sales into Asia and the Far East are reportedly slow to materialize, and leading to growing Western inventories. Lactose prices are unchanged to lower on a mostly weak market. Recent price reductions have helped alleviate some manufacturer holdings, but both buyers and sellers report that permeate prices and offerings are keeping pressure on the lactose market. Whey protein concentrate 34% prices continued their declining pattern, but inquiries are picking up from both domestic and international buyers as the current price per unit of protein on WPC 34% makes it an economical substitute for nonfat dry milk in many applications.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the August 2008 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$17.45 (+\$0.64), Class III \$17.32 (-\$0.92), and Class IV \$16.64 (+\$0.04). Product price averages used in computing Class prices are: butter \$1.5713, NDM \$1.3840, cheese \$1.8699, and dry whey \$0.2470. The Class II butterfat price is \$1.7483 and the Class III/IV butterfat price is \$1.7413. Further information may be found at: www.ams.usda.gov/DairyMarketStatistics/selectPrices, select Price Formulas - 2008

JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2008 declined 7 points to 142. Compared with August 2007, the index was down 23 points (13.9%). The index of prices received by farmers for dairy products advanced 2 points during the month of August 2008 to 194. Compared with August 2007, the index was up 32 points (19.8%). Prices received by farmers in August with changes from July were: for All Milk, \$18.50, down \$.90; Fluid Grade Milk, \$18.50, down \$.90; and for Manufacturing Grade Milk, \$18.10, down \$.80. The NASS Milk-Feed Ratio (pounds of 16% mixed dairy feed equal in value to 1 pound of milk) for August is 1.89 compared to 3.19 for August 2007. The rule of thumb is that if the ratio is above 3.0, then dairy producers should be in reasonable shape financially. The ratio has now been below 3.0 since December 2007 and has been below 2.0 since April 2008. The ratio has never been as low as it has been this summer since calculations were begun.

*****SPECIALS THIS ISSUE*****

AUGUST MONTHLY SUMMARY AND AVERAGES (PAGES 8 - 10)
AUGUST AGRICULTURAL PRICES HIGHLIGHTS (PAGE 11)

AUGUST CLASS PRICES (PAGE 12)
DAIRY GRAPHS (PAGES 13 - 14)

**CME GROUP
CASH TRADING**

PRODUCT	MONDAY SEPTEMBER 1	TUESDAY SEPTEMBER 2	WEDNESDAY SEPTEMBER 3	THURSDAY SEPTEMBER 4	FRIDAY SEPTEMBER 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	HOLIDAY	\$1.6275 (-.0050)	\$1.6550 (+.0275)	\$1.6800 (+.0250)	\$1.7750 (+.0950)	(+.1425)	\$1.6844 (+.0304)
40# BLOCKS		\$1.6800 (-.0225)	\$1.6850 (+.0050)	\$1.7300 (+.0450)	\$1.7850 (+.0550)	(+.0825)	\$1.7200 (+.0135)
BUTTER GRADE AA	CLOSED	\$1.6500 (+.0375)	\$1.6550 (+.0050)	\$1.6900 (+.0350)	\$1.6600 (-.0300)	(+.0475)	\$1.6638 (+.0563)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CME GROUP

MONDAY, SEPTEMBER 1, 2008

HOLIDAY - NO TRADING AT THE CME GROUP

TUESDAY, SEPTEMBER 2, 2008

CHEESE — SALES: 3 CARS BARRELS: 2 @ \$1.6300, 1 @ \$1.6275; 6 CARS 40# BLOCKS: 1 @ \$1.7000, 1 @ \$1.6950, 2 @ \$1.6900, 2 @ \$1.6800; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6250; 1 CAR 40# BLOCKS @ \$1.6750; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6275; 1 CAR 40# BLOCKS @ \$1.6850
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.3600; 1 CAR GRADE A @ \$1.3600
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR @ \$1.6500; LAST OFFER UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 3, 2008

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6550; 1 CAR 40# BLOCKS @ \$1.6850; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 1 CAR @ \$1.6600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR @ \$1.6550

THURSDAY, SEPTEMBER 4, 2008

CHEESE — SALES: 3 CARS BARRELS: 2 @ \$1.6525, 1 @ \$1.6800; 1 CAR 40# BLOCKS @ \$1.7275; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 1 CAR @ \$1.6900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 5, 2008

CHEESE — SALES: 12 CARS BARRELS @ \$1.7750; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7850; LAST OFFER UNCOVERED: 5 CARS BARRELS @ \$1.7800
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR @ \$1.6600

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.3600 and Grade A at \$1.3600. The last price change for Extra Grade was on 9/02/08 and Grade A was on 9/02/08. The weekly average for Extra Grade is \$1.3600 (-.0560) and Grade A is \$1.3600 (-.0470).

BUTTER MARKETS**PLEASE SEE PAGE 2A FOR THE REGIONAL BUTTER COMMENTS**

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
AUGUST 30	1.7522	1.7278	1.3682	1.5870	0.2352
	12,720,280	7,515,114	11,682,587	7,050,941	9,350,117

Further data and revisions may be found on the internet at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>

BUTTER MARKETS

NORTHEAST

CME Group butter trading opened the post-Labor Day week on Tuesday, with a sharp 3 3/4 cent increase to \$1.65. This takes the price back to almost where it was 3 weeks ago when the close was \$1.6550, after which butter prices generally trended down, until this Tuesday. The cream spot market following the long Labor Day holiday weekend was described as a bit of a battle between buyers to keep prices at the lower level set just before and into the holiday weekend, and sellers who seek to notch prices up. Some industry sources report that many sellers placed much of their available cream for this week, as of mid to late last week. The motivating factor was reported to be to lock-in what they believed to be a decent price, rather than risk getting caught this week having to sell at lower prices. Some of those sellers now feel empowered to be selective in terms of spot prices, as they covered selling much of anticipated available spots for this week, mid to late last week. To those sellers, uncommitted cream this week offers an opportunity to bargain with buyers who need cream in the next few days. There is a feeling among some sellers that many buyers looking for spot cream now either did not finalize arrangements last week for cream this week, or were waiting and hoping for bargains. However, the market continues to be varied within the region. Other sellers feel that with the weaker multiples this week, if they have available cream, they are selling at market in their area. Within the region, there continue to be pockets of relatively tighter or easier cream availability, prices, and/or delivery timing. Reported conditions ranged from some availability toward the southern part of the region around 130, to reported sales at 140 further north, to a contact who early this week rejected a 142 offer from a potential buyer, holding out for more. Sources in southern portions of the region expect cream availability for the spot market, while available this week, to vary in the immediate future depending on continuing Class II production needs. Several reports cited more tightness for cream toward the North of the region, even leading to some movement of cream from the Southeast to fill that demand and interest from some northern buyers to continue acquiring cream from the South on a weekly basis moving forward into the Fall. A seller commented that there had been few spot sales early this week due to buyers scouting for bargains and sellers generally not feeling pressured to sell. Churning activity is reported increasing, with reports of some buyers of cream for churning increasing efforts to secure cream on spot markets shortly after the close of the CME Tuesday, following the jump in butter prices. Cooperatives Working Together (CWT) on September 2, 2008 announced that last week it accepted 2 export assistance bids for the sale of butter. One bid was for the export of 1.1 million pounds to Egypt, and the other for the export of 771,618 pounds to Morocco. A third bid was also accepted, for the export of 39,683 pounds of anhydrous milkfat to Mexico. With these accepted bids, CWT's total 2008 export obligation for butter totals 36 million pounds and for anhydrous milkfat, 10.3 million pounds. Sales of bulk butter f.o.b. East late last week and into early this week were reported in a range from flat market to 5.0–7.0 cents over the C.M.E. price average.

CENTRAL

Cash butter pricing is moving higher at the CME Group and closed at \$1.6550 at midweek, up 4.5 cents from a week earlier. The Labor Day holiday impacted butter movement as sales were generally lighter ahead of the holiday and orders are slow to fair during the holiday shortened week. Some shifting of sales is occurring seasonally with food service accounts taking less butter and retail ordering flat. Churning is steady to higher in the region as additional cream is offered to butter producers. Local cream supplies are trending higher as standardized cream from fluid accounts is offered and surplus cream from local and out of region is available. Cream multiples were often discounted to keep cream attractive. Print butter production is high as orders are prepared for upcoming needs. Bulk butter also continues to be pulled from storage and reworked to supplement print needs. This week, under the CWT Program, an announced 1.9 million pounds of butter and 40,000 pounds of anhydrous milkfat were committed for export. Spot bulk butter prices range from 3 - 5 cents per pound over various pricing basis and averages.

WEST

Cash butter prices at the CME Group have either held steady or increased for the last six trading sessions. Over that time period, prices have gained 5 1/4 cents to stand at \$1.6550 at midweek. Prices were this high three weeks ago. Quite a bit of cream was available last week at lower prices going into the holiday weekend. That has changed this week with the increase in the butter price. Contacts are now wondering if butter will be tighter than anticipated this fall and they are working to get additional coverage. Current demand for butter is good with some feature activity noted. New export sales are slower to develop as Oceania production starts up and PSA butter is available in Europe. On September 2, the CWT program announced that accepted bids for 2008 export obligations for butter total 36 million pounds and anhydrous milkfat is 10.3 million pounds. # This week, CME butter stocks in approved warehouses were 80.9 million pounds, down 3.9 million pounds from the prior week. This compares to 139.1 million pounds a year ago and 117.7 million pounds for the same week in 2006. In the last ten weeks stocks have declined 34.6 million pounds. For the same period in 2007, stocks were down 6.7 million pounds and they were down 37.9 million pounds in 2006. Prices for bulk butter range from 2 cents ** over the market to 4 cents under the market, based on the CME with various time frames and averages.

** Last week this number should have been 3 cents over.

CHEESE MARKETS

NORTHEAST

CME Group prices for cheese trading continue to trend down last week and opening this post-holiday week. Although institutional cheese sales in particular are up with schools back in much of the region, including much of New York as of this week, there is a mixed picture plant to plant and not all plants have increased production. Some industry contacts report having produced heavily earlier in the year and placed production in storage. Thus, even with recently increased sales driven by institutional demand, particularly school demand, there are reports of plants with sufficient inventory remaining at a day or so under 7 day a week production, opting to fill sales from inventory. Other plants with lower inventory levels are reported to be operating 7 days a week to fill demand with some asking customers to push delivery out slightly to accommodate heavy production demands.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.9050-2.4250
Cheddar Single Daisies	:	1.8625-2.3475
Cheddar 40# Block	:	1.9600-2.2350
Process 5# Loaf	:	1.7500-1.9900
Process 5# Sliced	:	1.7650-2.0750
Muenster	:	1.9800-2.1775
Grade A Swiss Cuts 10 - 14#	:	3.3175-3.4600

MIDWEST

The cheese market is unsettled. Some traders feel that downside risk is still possible based on continued strong milk receipts and generally lighter international dairy product interest. Operations with stronger fall business are generally seeing an improvement as more schools reopen and fall buying patterns build. Mozzarella interest remains strong. Some producers are having difficulty in filling mozzarella and/or provolone orders. Some provolone buyers are on allocation. Most natural American supplies are adequate with supplemental cheddar supplies still available on the CME Group cash market. Private label packagers are generally operating on strong seasonal schedules, with extended overtime needed on most natural lines and lesser amounts on process. Branded product sales are still sluggish, though reports indicate some firms are reducing prices to stimulate sales. Some firms are seeing a boost in orders delivered to areas inland where Gulf Coast evacuees moved to as well as routing extra trucks to refill shelves in affected areas. Cheese production is generally lower as increased Class I demand, mainly due to school accounts, is reducing milk volumes available for manufacturing. The hurricane season is affecting milk shipments needed in the Southeast as bottlers do not need milk in markets without electricity.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9950-2.4400
Brick And/Or Muenster 5#	:	2.2775-2.5100
Cheddar 40# Block	:	2.2875-2.5650
Monterey Jack 10#	:	2.2275-2.5650
Blue 5#	:	2.5775-3.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1050-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.6525-3.3900

WEST

Cash block prices at the CME Group had either held steady or declined for six trading sessions. Over that time period, prices have declined 3 1/4 cents to stand at \$1.68. At midweek, prices moved higher on unfilled bids to close at \$1.6850. Prices have not been in the \$1.60's since mid-January. Barrel prices closed at \$1.6550 at midweek. Cheese production is heavier and buyers are only taking what they need for current use. Many are waiting to see if prices will decline further before making additional purchases. Cheese demand had backed off at both the retail level and through food service accounts when prices firmed this summer. The current lower prices have not brought buyers back into the market yet in any great number. More manufacturers are using the exchange to try and balance their inventories. There continues to be a weaker undertone to the market.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7875-2.0450
Cheddar 40# Block	:	1.8150-2.1675
Cheddar 10# Cuts	:	1.9950-2.2150
Monterey Jack 10#	:	2.0050-2.1650
Grade A Swiss Cuts 6 - 9#	:	2.9300-3.4100

FOREIGN

Wholesale prices of domestic foreign-type cheeses declined this week, following the overall trend of the last four weeks. Imported cheese sales have been adversely impacted by relatively high prices, compared with domestic foreign-type cheeses, as consumers continue to be price sensitive. However, some observers are hoping that recent improvement of the exchange rate of the U.S. Dollar to the Euro may temper the price disparity between domestic foreign type cheese and imported cheese. Domestic inventories are reported to be adequate.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.7500	: 2.1200-3.6075*
Gorgonzola	: 3.6900-7.7900	: 2.6225-2.8825*
Parmesan (Italy)	: -0-	: 3.5275-3.9475*
Romano (Italy)	: 2.1000-3.6900	: -0-
Provolone (Italy)	: 3.4400-6.8900	: 2.1625-2.3200*
Romano (Cows Milk)	: -0-	: 3.3100-5.4525*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 2.6900-7.1900	: -0-
Jarlsberg-(Brand)	: 2.9500-4.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.9775-3.3000
Swiss Cuts Finnish	: 2.5900-3.5900	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
09/01/08	27,588	110,212
08/01/08	32,211	105,959
CHANGE	-4,623	4,253
% CHANGE	-14	4

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	59	0	17	0
SOUTHEAST STATE	211	0	213	0	350	0

In the NORTHEAST, schools opened in upstate New York this Tuesday and in much of the rest of the state on Wednesday. Contacts report plant milk intakes mixed, with some plant intakes up slightly but others stable. This has led to some tightness in milk needed to meet Class I demand although, the demand has been met. A reported helpful factor is less milk being called south than this time last year and other recent years. Class I demand for rbst free milk is reported to be particularly strong and growing in the region. MIDDLE ATLANTIC Class I demand is also strong and increased over last week, as schools resume classes. Milk supplies are reported as generally stronger than seasonally normal, which is helping to meet demand. SOUTHEAST contacts report that regional production has remained stable since last week at higher levels than in previous years. Sales of fluid milk are reported as somewhat flat this week, apparently partially related to a full school milk pipeline and some effects of tropical storms. As a result, shipments of milk into the region at 211 loads, remained about even with last week but far under 350 one year ago this week. FLORIDA experienced a significant decrease from 59 loads of milk into the state last week, to 0 loads this week, even as production is reported to have dropped compared with last week. This occurred in the absence of school or significant business closings last week due to weather conditions. A factor cited was flat sales, partially attributed to consumers having purchased higher than normal amounts of milk at recent retail promotions and now continuing to consume the milk previously purchased to a greater degree than would be normal absent the promotions. Sales were so flat that an industry source reported a number of fluid milk order cancellations late last week, as retailers determined that in-store milk inventories were not moving as fast as anticipated. CONDENSED SKIM demand is low in most areas with very few reported spot sales. Almost all sales are under contract. CREAM multiples this week were reported as generally up to as much as 10 cents below early last week, continuing declines that occurred into Friday and Saturday of the Labor Day weekend as holiday plant closings caused some downward price movement. At these lower multiples, with upward butter price movement this week on the CME Group, churning has been increasing. Cream multiples vary within the region, tending to be higher in the mid to northern areas, than in Florida and parts of the southeast. Demand and these pricing factors are causing some cream spot loads from Florida and the southeast to move north. While additional cream is being more broadly generated from standardization for school milk as more schools in northern areas open for class, there continues to be some northern movement of cream supplementing what is generated as schools open in northern areas.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0737-2.2505
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.0737-2.2023

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.44 - 1.48
NORTHEAST - CLASS III - SPOT PRICES	-	1.33 - 1.45

M I D W E S T

Class I use increased, between covering the needs for the reopening of schools for the new school year and retail promotions based on a lower Class I mover price in September. Bottlers were finding minimal difficulty in acquiring extra loads of milk as needed. The stormy weather in the South continues to impact milk volumes needed to supplement local supplies. The increase in bottling has generated additional volumes of standardized cream. Overall, ice cream production and sales are slowing seasonally, so less cream is needed by ice cream makers and more is churned. Cream supplies were heavier over the holiday weekend and more was cleared to churns as many other users were closed for an extra day. Cream prices were lower for the holiday weekend. Manufacturing milk interest is good, between losing pooled volumes to bottlers and declines in milk receipts, plant

operators are looking for supplemental milk volumes to fill orders. The demand for spot manufacturing milk exceeds the local supply and prices are firm. Reported spot prices range from around \$1.00 over class (during the weekend) to about \$1.50 over, net seller. Spot milk prices continue to firm as supplies tighten seasonally. Milk intakes are continuing to decline. Temperatures increased over the holiday weekend and some areas that had not reached the 90 degree mark all summer finally reached it early this week. Very dry conditions have ended the growing season in sections of northern and central tier states while others are still nervous about an early to seasonal frost effect on crops. Some corn and soybeans are turning color early, which is likely to reduce yields. Soybean rust spores, possibly carried north from the Gulf States with rain from Gustav, are another weather concern. A few corn fields have been chopped with more just opened and/or used to supplement depleted pastures.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 28 - SEP 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.00- 58.00	\$ 50.50- 56.50
REPLACEMENT HEIFER CALVES	\$300.00-575.00	\$450.00-850.00

W E S T

The NASS survey indicates that alfalfa hay prices for Mid-August for the U.S. average \$180/ton, up \$45 from last year. Prices for selected Western states and comparisons to last year are as follows: Arizona \$187, +\$41; California \$214, +\$56; Colorado \$170, +\$30; Idaho \$215, +\$75; Nevada \$196, +\$55; New Mexico \$189, +\$29; Oregon \$216, +\$71; Utah \$180, +\$50; and Washington \$240, +\$100. The NASS Milk-Feed Ratio (pounds of 16% mixed dairy feed equal in value to 1 pound of milk) for August is 1.89. The ratio for August 2007 was 3.19. The rule of thumb is that if the ratio is above 3.0 dairy producers should be in reasonable shape financially. The ratio has now been below 3.0 since December 2007 and has been below 2.0 since April 2008. The ratio has never been as low as it has been this summer since calculations were begun. The August 4a price (butter/powder) in CALIFORNIA is \$16.24, \$0.16 higher than July but \$4.97 lower than last year. The August 4b price (cheese) is \$16.14, down \$1.63 from July and \$3.27 lower than last year. CALIFORNIA milk production trended lower due to recent hot weather conditions. Some handlers were seeing declines from 3-7%. Conditions were starting to improve with lower nighttime temperatures being noted. Some milk has begun to return. Surplus milk supplies are limited and some manufacturers would even like to have additional milk. Class 1 sales have picked up as more schools and colleges are serviced as new terms begin. Retail sales are flat to slightly higher. ARIZONA milk output is holding steady and continues to be affected by recent hot and humid weather conditions. Some of the weather is clearing and milk is expected to rebound from seasonal low levels. Also, milkfat and protein levels are beginning to improve. There are very limited amounts of outside milk moving into the state for processing. Class I demand has improved to service school accounts. CREAM markets were weak over the holiday weekend and then began to moderate as the week progressed. Buying interest has slowed from accounts making higher class items. Butter churners welcome extra cream as they fill orders for current and future needs. The CME Grade AA butter price closed at \$1.6550 on Wednesday, September 3, up 4.5 cents from a week earlier. Multiples range from 120-136 and vary depending on class usage and basing points. Cool weather in the corn growing areas and some hay areas in the PACIFIC NORTHWEST has some dairy producers concerned. They feel that corn is behind enough that it will not reach full maturity and therefore reduce the feed value in rations. Hay growers are concerned that they will not get a final cutting of hay which will further tighten overall hay stocks. Components on farm milk output are lower than anticipated and milk production continues to decline seasonally. Plants are able to operate efficiently with the available supplies. Some rain was common over parts of UTAH and IDAHO over the past weekend. It is the first measureable rain in weeks. Night time temperatures are becoming much cooler. This is reducing any stress on the milking herd, but it does raise the concern on getting crops mature. Plants are able to acquire additional loads of milk if they desire so that they are able to control inventories of finished product very well. Heifer prices at a weekly sale in the region have shown some weakness recently. The top price was \$2300 with the average at \$1900 last week. The average has not been below \$2000 since January. Looking at five weeks of data, the average of the top prices was \$2398 and the top 50 average was \$2032.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices adjusted lower on a weaker market. Farm milk production is holding at higher levels than usually anticipated for this time for year, but fluid milk sales are moving higher as the school pipeline refills for the fall semester. Balancing plant intakes are steady to marginally lower at most facilities. Nonfat dry milk production is ongoing at most dryers. Most buyers are reluctant to purchase NDM for any timeframe beyond the very near term due to a general attitude that price reductions are close at hand. Conversely, more interest is reported in rBST free NDM and various manufacturers report inventories are low to unavailable on this version of NDM. Some plants are also expanding drying operations to include organic nonfat dry milk. A few plant managers report a portion of current non-organic NDM production is slated for internal use through the end of the year. Some resellers who specialize in supplying NDM to China are noting that nitrate and nitrite levels in domestically produced NDM are too high to pass import inspections in China, which is curtailing sales or causing load rejections once product reaches China. The August 2008 monthly average price for the mostly series was \$1.4439 compared to \$2.0334 in August 2007.

EAST: This week, Eastern nonfat dry milk prices declined, reflecting weaker markets. Brokers and manufacturers report believing the market will remain weak, with substantial product in inventories. Therefore, buyers are tending to hold back, anticipating further price declines. Following a long period of little CME Group trading movement in nonfat dry milk prices, late last week there was a decline, with a further decline this week. Extra grade moved down 8 cents and Grade A, 6 1/2 cents. An industry observer commented that sometimes trading is a leading indicator and other times a lagging indicator. The observer believed that the downward trading was a lagging reflection of the weakness of NDM markets, with buyers being quite reluctant to purchase beyond immediate needs due to a reported widely held belief that conditions will bring prices down further.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3825 - 1.4700 MOSTLY: 1.4000 - 1.4300
 HIGH HEAT: 1.4650 - 1.5300

NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk continue to move lower. The market undertone remains weak. Demand is more subdued from domestic and export accounts. World market pricing for NDM/SMP and whole milk continues to trend lower and is causing pressure in U.S. markets. Also, domestic WPC 34% market prices are still trending lower and are gaining attention from strictly dairy protein buyers. Drying schedules have been moderated in areas where heat has affected milk production, but overall output is still active seasonally. Downtimes have been welcomed and allow for cleaning and maintenance. Producers' inventories are often building in the region. High heat prices are unchanged in light trading. Demand is limited to some seasonal interest. Buyers appear cautious and are watching what low heat markets are doing.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2500 - 1.4200 MOSTLY: 1.3000 - 1.3700
 HIGH HEAT: 1.3900 - 1.5400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 29	\$1.3293	13,435,001	0
August 22	\$1.3427	11,266,074	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are lower on a weak market. Butter production is fairly active in some Central region plants as increased fluid milk use related to supplying the school pipeline has led to higher volumes of cream generation and corresponding increases in butter churning. Sale of condensed buttermilk is the first choice for several plants, but several Class II condensed buttermilk buyers are seasonally ratcheting down production. That issue is leading to higher dry buttermilk production at some balancing plants. Spot interest in dry buttermilk is at low ebb according to several industry contacts, and even offers below the current range are slow to spark buyer interest. Inventories are comfortable at some plants, steady to building at others. The August 2008 monthly average price for Central/East dry buttermilk was \$1.2045 compared to \$1.9974 in August 2007.

EAST: The range of Eastern dry buttermilk prices continued the weekly decline that began in the second week of July. This reflects the continuing weakness in Eastern dry buttermilk markets, where there is little reported spot interest. Cream prices moved lower last week and remained lower this week, prompting some increased interest in churning. With schools in much of the Southeast back in session, and much of the rest of the region including New York beginning this week, cream from standardized milk is increasingly available in higher volumes. If cream prices remain lower and cream is available, with little buyer spot interest at current prices, industry observers expect increased inventories.

F.O.B. CENTRAL/EAST: 1.0500 - 1.2675

DRY BUTTERMILK - WEST

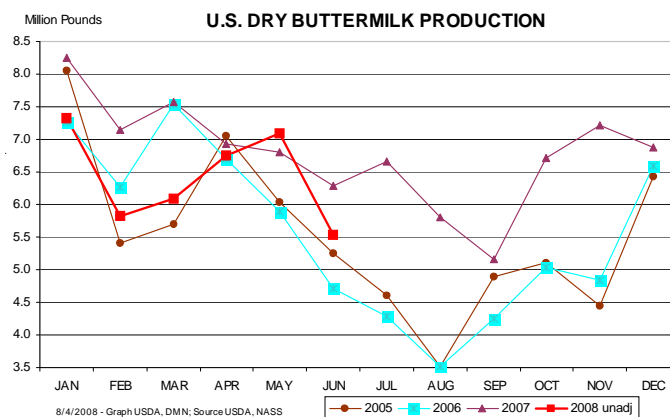
Western dry buttermilk prices continue to trend lower in light trading. The market tone remains weak. Demand is limited as buyers assess needs and work off existing inventories. Producers are often lowering asking prices with limited success in making a sale. Drying schedules are mixed and reflect the amount of cream available to churns. The holiday weekend did create more cream towards churns in some instances. Dry buttermilk stocks range from light to moderate levels and are building.

F.O.B. WEST: 1.0500 - 1.1650 MOSTLY: 1.0800 - 1.1500

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to lower on a mixed market. Inventories are adequate for meeting contract needs; therefore, few plants are currently scheduling dry whole milk production. Recent electronic auctions held for Oceania product reportedly resulted in sales at prices below the range of the U.S. market. The August 2008 monthly average price for dry whole milk was \$1.7250 compared to \$2.2150 in August 2007.

F.O.B. PRODUCING PLANT: 1.6000 - 1.7500



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Central dry whey prices are unchanged on the range while the mostly price series moved lower. The market tone is mixed. Some offers below the bottom of the range were mentioned, but sales are unconfirmed. Production remains steady at most plants as annual contracts support year-round cheese manufacturing and whey generation. Inventories are less frequently described as burdensome. One or two plants report that some allocation of supplies may begin in the next few weeks as sales have chewed through inventory and some buyers have increased contracted purchases for the near term. A few sellers report increased buying from the Far East and South America. Some Central dry whey is moving to western buyers at f.o.b. prices within the Central range. The August 2008 monthly average price for the mostly series was \$0.2180 compared to \$0.5603 in August 2007. Animal feed whey prices are unchanged to slightly lower. Animal feed dry whey demand is steady to somewhat lower from various industry sectors. Although veal slaughter houses are catching up on contracted processing and feed prices have moderated, some veal growers are reportedly skeptical about refilling barns due to market uncertainties. The August 2008 monthly average price for animal feed whey was \$0.1710 compared to \$0.4984 in August 2007.

F.O.B. CENTRAL: .1900 - .2350 MOSTLY: .1900 - .2150
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1325 - .2000

DRY WHEY - NORTHEAST

Northeast dry whey spot markets are quiet, as buyers anticipate future price declines. Prices this week remain unchanged, with little reported spot market activity. Cheese production is reported to be strong, particularly to meet school and higher education food service demands. Most schools and nearly all colleges and universities are now in session. Strong cheese production is adding to manufacturer inventories of whey in some locations. Most resellers report not adding to what they believe to already be adequate holdings, particularly in the face of a market that has shown some recent downward movement.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2150 - .2600

DRY WHEY - WEST

Both range and mostly prices continue to fall for Western whey powder. Inventories are more of a concern for additional producers. Export sales are near the low end of the range while domestic sales are at somewhat higher numbers. The pressure from other dairy products continues to build on whey. Production of whey is seasonal. The market continues to have a weak undertone.

NONHYGROSCOPIC: .1800 - .2800 MOSTLY: .2250 - .2600

EVAPORATED MILK - NATIONAL

On August 28, 2008, the Kansas City Commodity Office announced the awarding of two contracts for a total of 2,496,960 pounds of evaporated milk under solicitation number EVD3-088. The evaporated milk, packed in 24/12 oz. cans, is scheduled for October - December deliveries at various locations throughout the country. Accepted prices ranged from \$0.5685 - \$.6993/lbs. No further bids will be considered under this solicitation number.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices adjusted lower and the market tone is somewhat mixed. Recent price levels have reportedly encouraged some sale finalizations and more manufacturers than previously are terming inventories as in balance or comfortable. Various feed manufacturers note they have received fewer offers of off specification product. Demand for WPC 34% produced from uncolored cheese is steady. Bleached product from colored cheese has somewhat lighter demand. Heat stable WPC 34%, which generally carries a price premium above the edible range, is reportedly shipping to the Far East. Edible Canadian product is reportedly moving into the East region at prices comparable to domestic product. Various end users report they are considering taking positions on WPC 34% to carry them through the end of the year and/or beyond as the possible remaining downside on WPC 34% prices are viewed as minimal. Feed manufacturers are reporting sales as both steady and slow. Sales into beef and veal operations are reported as uneven as some livestock operations are choosing to thoroughly clean up feed on hand before reordering. Sales to dairy milk replacer end users are reported as fairly steady. The August 2008 monthly average price for the mostly series was \$0.5217 compared to \$1.5838 in August 2007.

F.O.B. EXTRA GRADE 34% PROTEIN: .3900 - .5400 MOSTLY: .4100 - .4800

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged on the price range but moved lower in the mostly price series. The market tone is unsettled. Interest from some off shore purchasers is returning, but a few manufacturers report a number of those buyers are specifically requesting discounted prices on older product. Negotiations are starting for fourth quarter contracts, although some buyers seem hesitant to contract for full manufacturing needs and continue to view the spot market as a viable supply source. Inventories have been worked down at a few locations while other locations are terming lactose inventories as heavier than desired. Some industry contacts note that various former users of lactose in China have not returned to lactose use, which is curtailing interest there compared to last year. The August 2008 monthly average price for the mostly series was \$0.2415 compared to \$0.9496 in August 2007.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1100 - .3100 MOSTLY: .1800 - .2800

CASEIN - NATIONAL

The casein markets are under price pressure, much like other dairy powders. Some product is still available from Europe. Casein supplies remain limited from Oceania as milk receipts build seasonally and orders for other dairy products take priority. Casein is generally not one of the first products produced early in the season. Weakening prices for other dairy products may lead to additional pressure on casein prices. Also, lower priced offerings are available from non-preferred sources. Buyers are reluctant to make spot purchases due to the possibility of additional price weakness.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 5.5500 - 5.8000
ACID: 5.5000 - 5.8000

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 1 - 5, 2008			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/07	SAME PERIOD LAST YEAR	WEEK ENDING 08/29/08	SAME PERIOD LAST YEAR
BUTTER							
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-

The Kansas City Commodity Office (FSA) has made no dairy price support purchases in over one fiscal year starting October 1. Therefore, detailed breakdowns have been discontinued until activity resumes.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/09/08 & Comparable Week 2007

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2008-Dairy	N.A.	0.5	7.9	2.9	16.5	3.6	0.4	N.A.	14.3	3.5	51.4	1,591.4	42.7	42.1
2007-Dairy	N.A.	0.5	6.0	2.5	15.1	2.7	0.3	N.A.	14.5	2.0	44.6	1,535.6	45.4	44.1
2008-All cows	N.A.	0.6	10.0	15.3	31.5	20.6	13.9	N.A.	16.7	8.3	120.5	3,784.1		
2007-All cows	N.A.	0.6	7.6	13.7	27.1	12.7	11.8	N.A.	16.7	5.1	98.2	3,481.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2008 CUMULATIVE TOTAL	
AUGUST 30, 2008	491	38,790	SOURCE: USDA, APHIS

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17\$	21.38	19.83	20.07	18.70	19.22	20.60

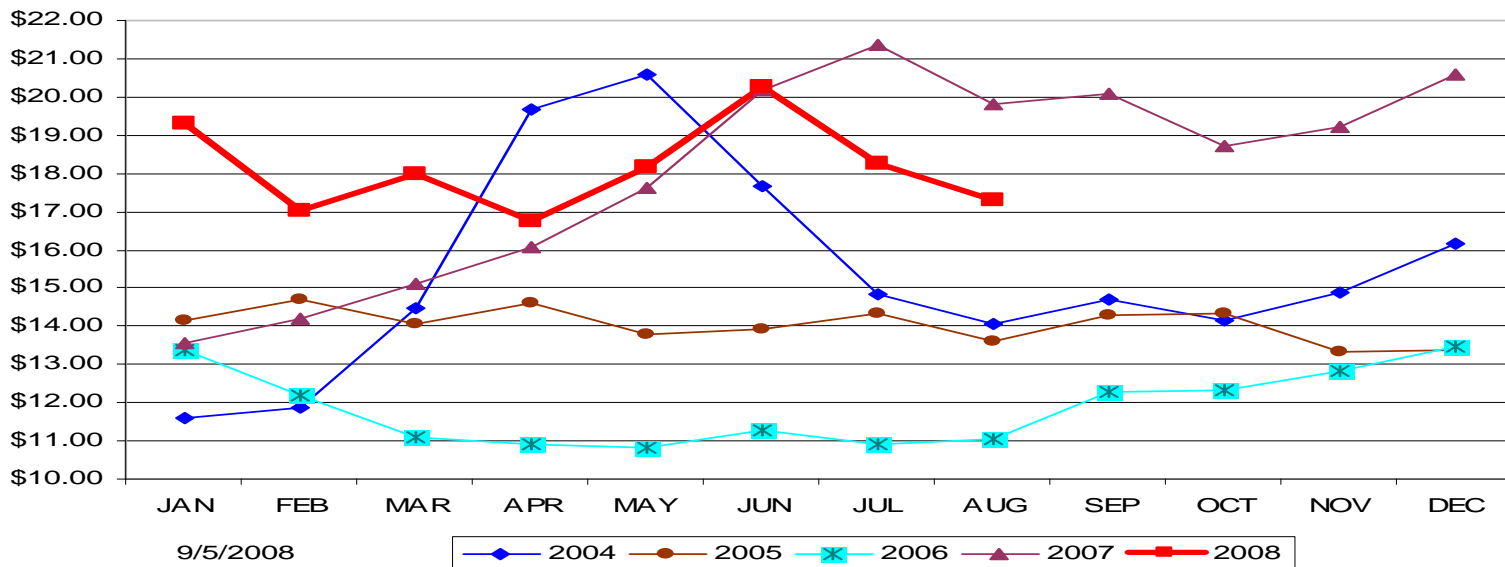
\$ Revised

FEDERAL MILK ORDER CLASS PRICES FOR 2008 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	20.97	19.68	16.70	18.61	16.62	18.18	20.78	18.47	17.65			
II	19.75	18.46	15.63	15.29	15.51	16.19	16.81	17.45				
III	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32				
IV	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64				

1/Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm

PER CWT.

CLASS III MILK PRICE AT 3.5% TEST

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2008 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 31 ::-----::	::REPORT NUMBER 32 ::-----::	::REPORT NUMBER 33 ::-----::	::REPORT NUMBER 34 ::-----::	::REPORT NUMBER 35::	2008 Average	2007 Average
	:: AUG 01 - 01 ::	:: AUG 04 - 08 ::	:: AUG 11 - 15 ::	:: AUG 18 - 22 ::	:: AUG 25 - 29 ::	or Total	or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 2.2775 - 2.5600 ::	:: 2.1800 - 2.5600 ::	:: 2.0575 - 2.5600 ::	:: 2.0725 - 2.4400 ::	:: 2.0100 - 2.4400 ::	2.2961	2.3473
-- Brick And/Or Muenster 5#	:: 2.6100 - 2.6200 ::	:: 2.5325 - 2.6100 ::	:: 2.3225 - 2.6100 ::	:: 2.3400 - 2.5100 ::	:: 2.2875 - 2.5100 ::	2.4724	2.5101
-- Cheddar 40# Block	:: 2.4100 - 2.5650 ::	:: 2.3325 - 2.5650 ::	:: 2.3325 - 2.5650 ::	:: 2.3300 - 2.5650 ::	:: 2.2975 - 2.5650 ::	2.4461	2.3746
-- Monterey Jack 10#	:: 2.4800 - 2.5900 ::	:: 2.4800 - 2.5650 ::	:: 2.2725 - 2.5650 ::	:: 2.2900 - 2.5650 ::	:: 2.2375 - 2.5650 ::	2.4469	2.4922
-- Blue 5#	:: 2.9225 - 3.3100 ::	:: 2.8325 - 3.3100 ::	:: 2.6225 - 3.3100 ::	:: 2.6400 - 3.2100 ::	:: 2.5875 - 3.2100 ::	2.9725	3.0401
-- Mozzarella 5 - 6#	:: 2.4450 - 2.6650 ::	:: 2.3575 - 2.6650 ::	:: 2.1475 - 2.6650 ::	:: 2.1675 - 2.6650 ::	:: 2.1150 - 2.6650 ::	2.4368	2.3684
-- Grade A Swiss Cuts 6 - 9#	:: 2.6225 - 3.3900 ::	:: 2.6525 - 3.3900 ::	:: 2.6525 - 3.3900 ::	:: 2.6525 - 3.3900 ::	:: 2.6525 - 3.3900 ::	3.0205	2.9759
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 2.1625 - 2.6825 ::	:: 2.0750 - 2.5950 ::	:: 1.9500 - 2.4700 ::	:: 1.9675 - 2.4875 ::	:: 1.9150 - 2.4350 ::	2.2457	2.2676
-- Cheddar Single Daisies	:: 2.1200 - 2.6050 ::	:: 2.0325 - 2.5175 ::	:: 1.9075 - 2.3925 ::	:: 1.9250 - 2.4100 ::	:: 1.8725 - 2.3575 ::	2.1857	2.2076
-- Cheddar 40# Block	:: 2.2175 - 2.4925 ::	:: 2.1300 - 2.4050 ::	:: 2.0050 - 2.2800 ::	:: 2.0225 - 2.2975 ::	:: 1.9700 - 2.2450 ::	2.1782	2.2001
-- Process 5# Loaf	:: 2.1175 - 2.3575 ::	:: 2.0200 - 2.2600 ::	:: 1.8100 - 2.0500 ::	:: 1.8275 - 2.0675 ::	:: 1.7650 - 2.0050 ::	1.9881	2.2079
-- Process 5# Sliced	:: 2.1325 - 2.4425 ::	:: 2.0350 - 2.3450 ::	:: 1.8250 - 2.1350 ::	:: 1.8425 - 2.1525 ::	:: 1.7800 - 2.0900 ::	2.0381	2.2579
-- Muenster	:: 2.2375 - 2.4350 ::	:: 2.1500 - 2.3475 ::	:: 2.0250 - 2.2225 ::	:: 2.0425 - 2.2400 ::	:: 1.9900 - 2.1875 ::	2.1595	2.1814
-- Grade A Swiss Cuts 10 - 14#	:: 2.9775 - 3.3000 ::	:: 3.1375 - 3.4600 ::	:: 3.1375 - 3.4600 ::	:: 3.3175 - 3.4600 ::	:: 3.3175 - 3.4600 ::	3.3340	2.8639
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 2.0725 - 2.3300 ::	:: 1.9750 - 2.2325 ::	:: 1.8500 - 2.1075 ::	:: 1.8675 - 2.1250 ::	:: 1.8050 - 2.0625 ::	2.0126	2.1511
-- Cheddar 40# Block	:: 2.1550 - 2.5075 ::	:: 2.0700 - 2.4225 ::	:: 1.8600 - 2.2125 ::	:: 1.8775 - 2.2300 ::	:: 1.8250 - 2.1775 ::	2.0961	2.2039
-- Cheddar 10# Cuts	:: 2.3350 - 2.5550 ::	:: 2.2500 - 2.4700 ::	:: 2.0400 - 2.2600 ::	:: 2.0575 - 2.2775 ::	:: 2.0050 - 2.2250 ::	2.2099	2.3176
-- Monterey Jack 10#	:: 2.3450 - 2.5050 ::	:: 2.2600 - 2.4200 ::	:: 2.0500 - 2.2100 ::	:: 2.0675 - 2.2275 ::	:: 2.0150 - 2.1750 ::	2.1899	2.2976
-- Grade A Swiss Cuts 6 - 9#	:: 3.0100 - 3.4600 ::	:: 3.0100 - 3.4100 ::	:: 2.9500 - 3.4100 ::	:: 2.9300 - 3.4100 ::	:: 2.9300 - 3.4100 ::	3.1850	2.6800
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 2.1658 - 2.2272 ::	:: 2.1813 - 2.2432 ::	:: 2.3121 - 2.5929 ::	:: 2.2632 - 2.4436 ::	:: 2.1748 - 2.3696 ::	2.3166	1.9621
-- Upper Midwest - f.o.b	:: 2.0736 - 2.2118 ::	:: 2.1194 - 2.3514 ::	:: 2.2295 - 2.4938 ::	:: 2.2140 - 2.4436 ::	:: 2.1424 - 2.3696 ::	2.2882	1.9645
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.30 - 1.40 ::	:: 1.30 - 1.40 ::	:: 1.30 - 1.44 ::	:: 1.30 - 1.44 ::	:: 1.30 - 1.40 ::	1.3595	2.1426
-- Class III	:: 1.74 - 1.82 ::	:: 1.74 - 1.82 ::	:: 1.45 - 1.47 ::	:: 1.45 - 1.47 ::	:: 1.45 - 1.47 ::	1.5514	1.9087

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2008 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)										
COMMODITY	::REPORT NUMBER 31 ::REPORT NUMBER 32 ::REPORT NUMBER 33 ::REPORT NUMBER 34 ::REPORT NUMBER 35 ::					2008	2007			
	::-----::-----::-----::-----::-----::					Average	Average			
	AUG 01 - 01	AUG 04 - 08	AUG 11 - 15	AUG 18 - 22	AUG 25 - 29	or Total	or Total			
DRY PRODUCTS										
NONFAT DRY MILK										
-- Central And East (f.o.b.)										
-- Low/Medium Heat	:: 1.4250 - 1.4800 ::	:: 1.4300 - 1.4900 ::	:: 1.4150 - 1.4725 ::	:: 1.4000 - 1.4700 ::	:: 1.4000 - 1.4700 ::	1.4439	2.0465			
-- Mostly	:: 1.4400 - 1.4800 ::	:: 1.4300 - 1.4800 ::	:: 1.4300 - 1.4650 ::	:: 1.4150 - 1.4550 ::	:: 1.4150 - 1.4550 ::	1.4439	2.0334			
-- High Heat	:: 1.4500 - 1.5600 ::	:: 1.4800 - 1.5600 ::	:: 1.4650 - 1.5600 ::	:: 1.4650 - 1.5600 ::	:: 1.4650 - 1.5300 ::	1.5104	2.1301			
-- West (f.o.b.)										
-- Low/Medium Heat	:: 1.4100 - 1.4975 ::	:: 1.3700 - 1.4950 ::	:: 1.3500 - 1.4500 ::	:: 1.3000 - 1.4500 ::	:: 1.3000 - 1.4400 ::	1.3972	2.0817			
-- Mostly	:: 1.4150 - 1.4800 ::	:: 1.4000 - 1.4600 ::	:: 1.3900 - 1.4300 ::	:: 1.3700 - 1.4100 ::	:: 1.3500 - 1.3900 ::	1.4023	2.0415			
-- High Heat	:: 1.4500 - 1.5500 ::	:: 1.4550 - 1.5500 ::	:: 1.3900 - 1.5500 ::	:: 1.3900 - 1.5400 ::	:: 1.3900 - 1.5400 ::	1.4768	2.0907			
WHEY POWDER (Nonhygroscopic)										
-- Central (f.o.b.)	:: 0.2000 - 0.2500 ::	:: 0.1925 - 0.2550 ::	:: 0.1900 - 0.2400 ::	:: 0.1900 - 0.2400 ::	:: 0.1900 - 0.2350 ::	0.2170	0.5594			
-- Mostly	:: 0.2300 - 0.2400 ::	:: 0.2200 - 0.2400 ::	:: 0.2100 - 0.2300 ::	:: 0.2000 - 0.2250 ::	:: 0.1975 - 0.2150 ::	0.2180	0.5603			
-- West (f.o.b.)	:: 0.2300 - 0.3000 ::	:: 0.2200 - 0.3100 ::	:: 0.2200 - 0.3000 ::	:: 0.2200 - 0.2900 ::	:: 0.1900 - 0.2825 ::	0.2546	0.5751			
-- Mostly	:: 0.2700 - 0.2900 ::	:: 0.2700 - 0.2900 ::	:: 0.2600 - 0.2900 ::	:: 0.2550 - 0.2800 ::	:: 0.2400 - 0.2700 ::	0.2699	0.5691			
-- Northeast (f.o.b.)	:: 0.2575 - 0.2975 ::	:: 0.2525 - 0.2875 ::	:: 0.2150 - 0.2800 ::	:: 0.2150 - 0.2600 ::	:: 0.2150 - 0.2600 ::	0.2495	0.6222			
WHEY PROTEIN CONCENTRATE										
-- Central And West (f.o.b.)										
-- Extra Grade 34% Protein	:: 0.5100 - 0.7500 ::	:: 0.4425 - 0.6800 ::	:: 0.4425 - 0.6300 ::	:: 0.4425 - 0.5900 ::	:: 0.4200 - 0.5550 ::	0.5303	1.5860			
-- Mostly	:: 0.5900 - 0.6700 ::	:: 0.5300 - 0.5900 ::	:: 0.5100 - 0.5700 ::	:: 0.4700 - 0.5100 ::	:: 0.4500 - 0.5000 ::	0.5217	1.5838			
ANIMAL FEED - WHEY										
-- Central (f.o.b.)										
-- Milk Replacer	:: 0.1600 - 0.2200 ::	:: 0.1400 - 0.2000 ::	:: 0.1400 - 0.2000 ::	:: 0.1400 - 0.2000 ::	:: 0.1400 - 0.2000 ::	0.1710	0.4984			
BUTTERMILK (Min. 30% protein)										
-- Central And East (f.o.b.)	:: 1.1200 - 1.3925 ::	:: 1.1000 - 1.3450 ::	:: 1.1000 - 1.3100 ::	:: 1.1000 - 1.2900 ::	:: 1.1000 - 1.2700 ::	1.2045	1.9974			
-- West (f.o.b.)	:: 1.2200 - 1.3100 ::	:: 1.1200 - 1.2950 ::	:: 1.1000 - 1.2500 ::	:: 1.1000 - 1.2200 ::	:: 1.1000 - 1.1900 ::	1.1763	1.9864			
-- Mostly	:: 1.2700 - 1.3000 ::	:: 1.2200 - 1.2700 ::	:: 1.1700 - 1.2300 ::	:: 1.1500 - 1.2000 ::	:: 1.1000 - 1.1700 ::	1.1933	1.9735			
WHOLE MILK POWDER										
-- National (f.o.b.)	:: 1.6500 - 1.8000 ::	:: 1.6500 - 1.8000 ::	:: 1.6500 - 1.8000 ::	:: 1.6500 - 1.8000 ::	:: 1.6500 - 1.8000 ::	1.7250	2.2150			
LACTOSE										
-- Central And West (f.o.b.)	:: 0.1700 - 0.3100 ::	:: 0.1700 - 0.3100 ::	:: 0.1700 - 0.3100 ::	:: 0.1100 - 0.3100 ::	:: 0.1100 - 0.3100 ::	0.2257	0.9076			
-- Mostly	:: 0.2100 - 0.2825 ::	:: 0.2050 - 0.2825 ::	:: 0.2050 - 0.2825 ::	:: 0.1950 - 0.2825 ::	:: 0.1950 - 0.2825 ::	0.2415	0.9496			
CASEIN - Edible - National (f.o.b.)										
-- Nonrestricted - Rennet	:: 5.6700 - 6.0500 ::	:: 5.6700 - 6.0500 ::	:: 5.6700 - 6.0500 ::	:: 5.6700 - 6.0500 ::	:: 5.5500 - 5.8000 ::	5.8160	5.0500			
-- Nonrestricted - Acid	:: 5.5000 - 6.1000 ::	:: 5.5000 - 6.1000 ::	:: 5.5000 - 6.1000 ::	:: 5.5000 - 6.1000 ::	:: 5.5000 - 5.8000 ::	5.7643	5.5500			

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR AUGUST 2008

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2008 *	2007 *
	AUG 1	AUG 4 - 8	AUG 11 - 15	AUG 18 - 22	AUG 25 - 29	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.5975	1.6200	1.6450	1.6025		
--Tuesday		1.6700	1.6550	1.6350	1.6025		
--Wednesday		1.6700	1.6400	1.6250	1.6100		
--Thursday		1.6700	1.6400	1.6000	1.6100		
--Friday	1.5750	1.6500	1.6450	1.6100	1.6125	1.6279	1.4464
--Weekly Average**	1.5470	1.6515	1.6400	1.6230	1.6075		
CHEESE*							
-- BARRELS							
--Monday		1.7800	1.7500	1.7000	1.6625		
--Tuesday		1.7300	1.7425	1.6550	1.6600		
--Wednesday		1.6700	1.7425	1.6600	1.6600		
--Thursday		1.6825	1.7300	1.6700	1.6550		
--Friday	1.8000	1.7200	1.7000	1.6625	1.6325	1.6983	1.9107
--Weekly Average**	1.8405	1.7165	1.7330	1.6695	1.6540		
-- 40# BLOCKS							
--Monday		1.8025	1.7775	1.7600	1.7100		
--Tuesday		1.7650	1.7725	1.7000	1.7100		
--Wednesday		1.7100	1.7675	1.6950	1.7050		
--Thursday		1.7050	1.7625	1.7100	1.7050		
--Friday	1.8350	1.7675	1.7600	1.7125	1.7025	1.7398	1.9554
--Weekly Average**	1.9605	1.7500	1.7680	1.7155	1.7065		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1.4400	1.4400	1.4400	1.4400		
--Tuesday		1.4400	1.4400	1.4400	1.4400		
--Wednesday		1.4400	1.4400	1.4400	1.4400		
--Thursday		1.4400	1.4400	1.4400	1.3800		
--Friday	1.4400	1.4400	1.4400	1.4400	1.3800	1.4343	1.9300
--Weekly Average**	1.4400	1.4400	1.4400	1.4400	1.4160		
-- GRADE A							
--Monday		1.4400	1.4300	1.4250	1.4250		
--Tuesday		1.4400	1.4300	1.4250	1.4250		
--Wednesday		1.4400	1.4250	1.4250	1.4250		
--Thursday		1.4400	1.4250	1.4250	1.3800		
--Friday	1.4400	1.4400	1.4250	1.4250	1.3800	1.4255	2.1100
--Weekly Average**	1.4450	1.4400	1.4270	1.4250	1.4070		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2008 declined 7 points to 142. Compared with August 2007, the index was down 23 points (13.9 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of August 2008 to 194. Compared with August 2007, the index was up 32 points (19.8 percent).

Prices received by farmers in August with changes from July were: for All Milk, \$18.50 per hundredweight (cwt.), down \$.90; Fluid Grade Milk, \$18.50 per cwt., down \$.90; and for Manufacturing Grade Milk, \$18.10 per cwt., down \$.80.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., AUGUST 2008 WITH COMPARISONS*

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		Alfalfa hay, baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JULY		AUGUST		AUGUST		AUGUST		AUGUST	
	2008 2/	2007 2/	2008 4/	2007 2/	2008	2007	2008 7/	2007 8/	2008	2007
CA	17.96	20.53	17.00	20.61	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		50.20	47.00	214.00	158.00
ID	17.50	19.80	17.00	19.50			57.20	48.50	215.00	140.00
MI	20.30	22.50	19.40	22.80			60.00	52.00	155.00	110.00
MN	19.60	21.70	18.60	20.80			60.30	54.30	125.00	107.00
NM	19.00	21.40	18.60	21.40			60.70	54.00	189.00	160.00
NY	20.00	22.10	19.00	22.70			---	---	190.00	140.00
PA	21.40	23.40	20.40	23.70			60.10	51.70	201.00	171.00
TX	20.00	22.50	19.90	22.50			53.20	51.80	185.00	165.00
WA	19.10	22.20	18.30	22.10			---	---	240.00	140.00
WI	19.50	21.50	18.60	20.80			59.20	52.00	105.00	75.00
U.S.	19.40	21.60	18.50	21.60			57.60	51.50	180.00	135.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., AUGUST 2008 WITH COMPARISON

ITEM	AUGUST 2007	JULY 2008 1/	AUGUST 2008 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	21.60	19.40	18.50
Fluid grade milk	21.60	19.40	18.50
Manufacturing grade milk	19.90	18.90	18.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	139	159	155
Prices received by farmers for dairy products	165	149	142
Prices paid by farmers for commodities and services, interest taxes, and wage rates	162	192	194
Prices paid by farmers for production items	162	202	205
Prices paid by farmers for feed	146	209	219
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.19	1.91	1.89

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (8/08), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2008 is \$1.7413 per pound. Thus, the Class II butterfat price is \$1.7483. The protein and other solids prices for August are \$3.6497 and \$0.0529 per pound, respectively. These component prices set the Class III skim milk price at \$11.63 per cwt. The August Class IV skim milk price is \$10.93 which is derived from the nonfat solids price of \$1.2147 per pound. **Product Price Averages:** The product price averages for August are: butter \$1.5713, nonfat dry milk \$1.3840, cheese \$1.8699, and dry whey \$0.2470.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} ^{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	AUGUST 2008				SEPTEMBER 2008
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	21.72	17.45	17.32	16.64	20.90
Appalachian (Charlotte) ^{5/} ^{6/}	005	21.87	17.45	17.32	16.64	21.05
Southeast (Atlanta) ^{6/} ^{7/}	007	22.27	17.45	17.32	16.64	21.45
Florida (Tampa) ^{6/} ^{8/}	006	23.87	17.45	17.32	16.64	23.05
Midwest (Cleveland) ^{9/}	033	20.47	17.45	17.32	16.64	19.65
Upper Midwest (Chicago) ^{10/}	030	20.27	17.45	17.32	16.64	19.45
Central (Kansas City) ^{11/}	032	20.47	17.45	17.32	16.64	19.65
Southwest (Dallas) ^{12/}	126	21.47	17.45	17.32	16.64	20.65
Arizona (Phoenix)	131	20.82	17.45	17.32	16.64	20.00
Pacific Northwest (Seattle) ^{13/}	124	20.37	17.45	17.32	16.64	19.55
All-Market Average	---	21.36	17.45	17.32	16.64	20.54

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

^{3/} Names in parentheses are the major city in the principal pricing point of the market.

^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

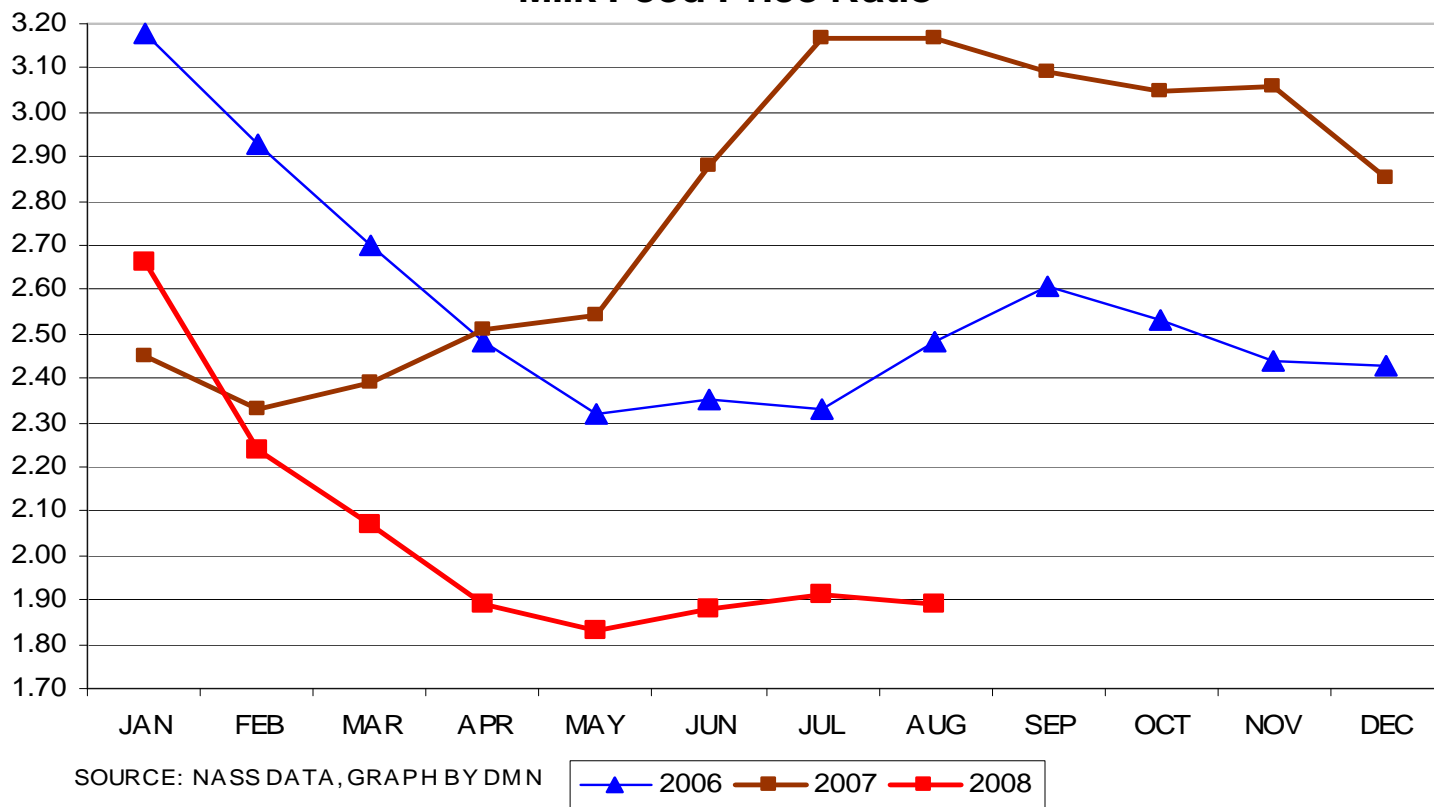
^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

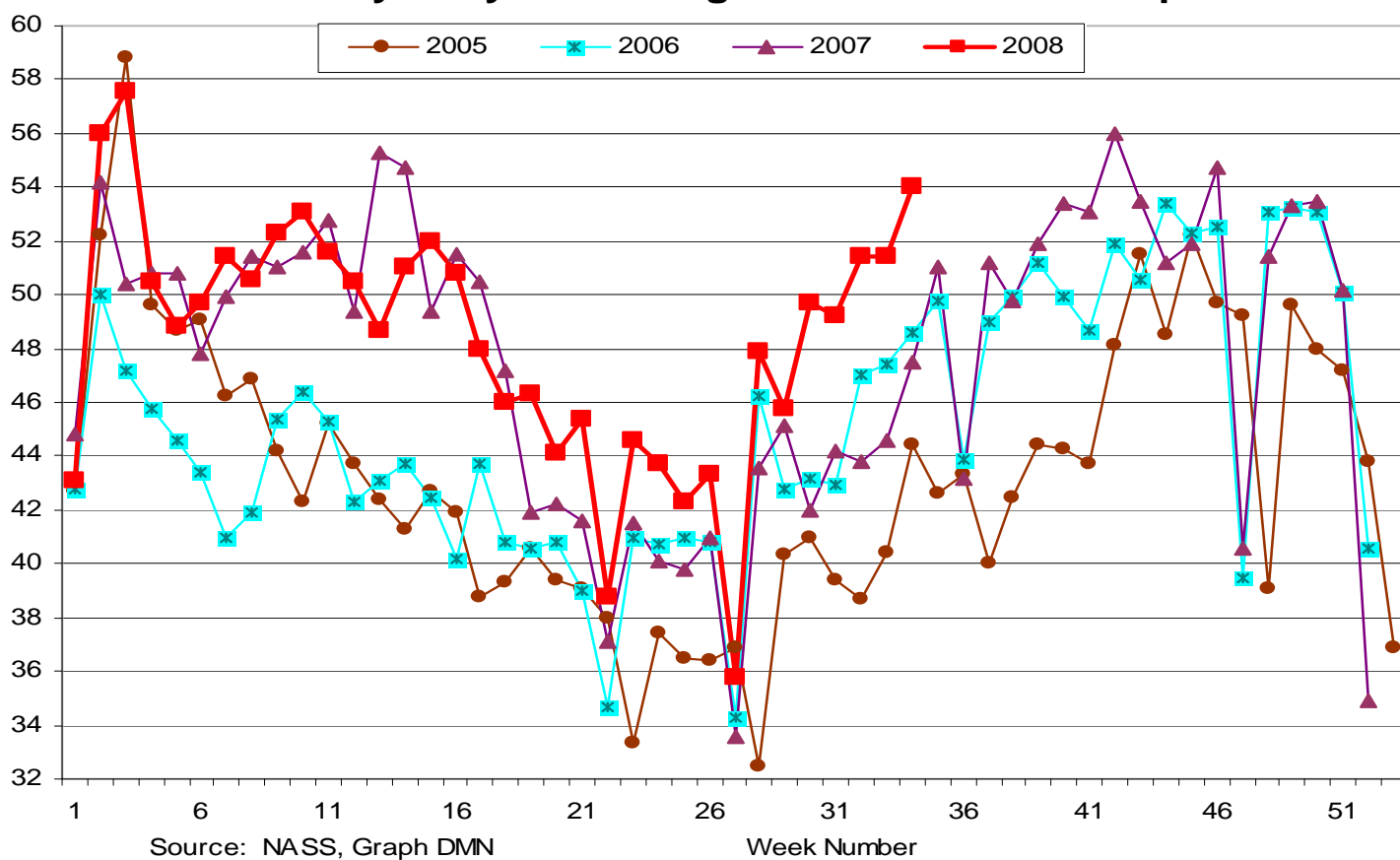
^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

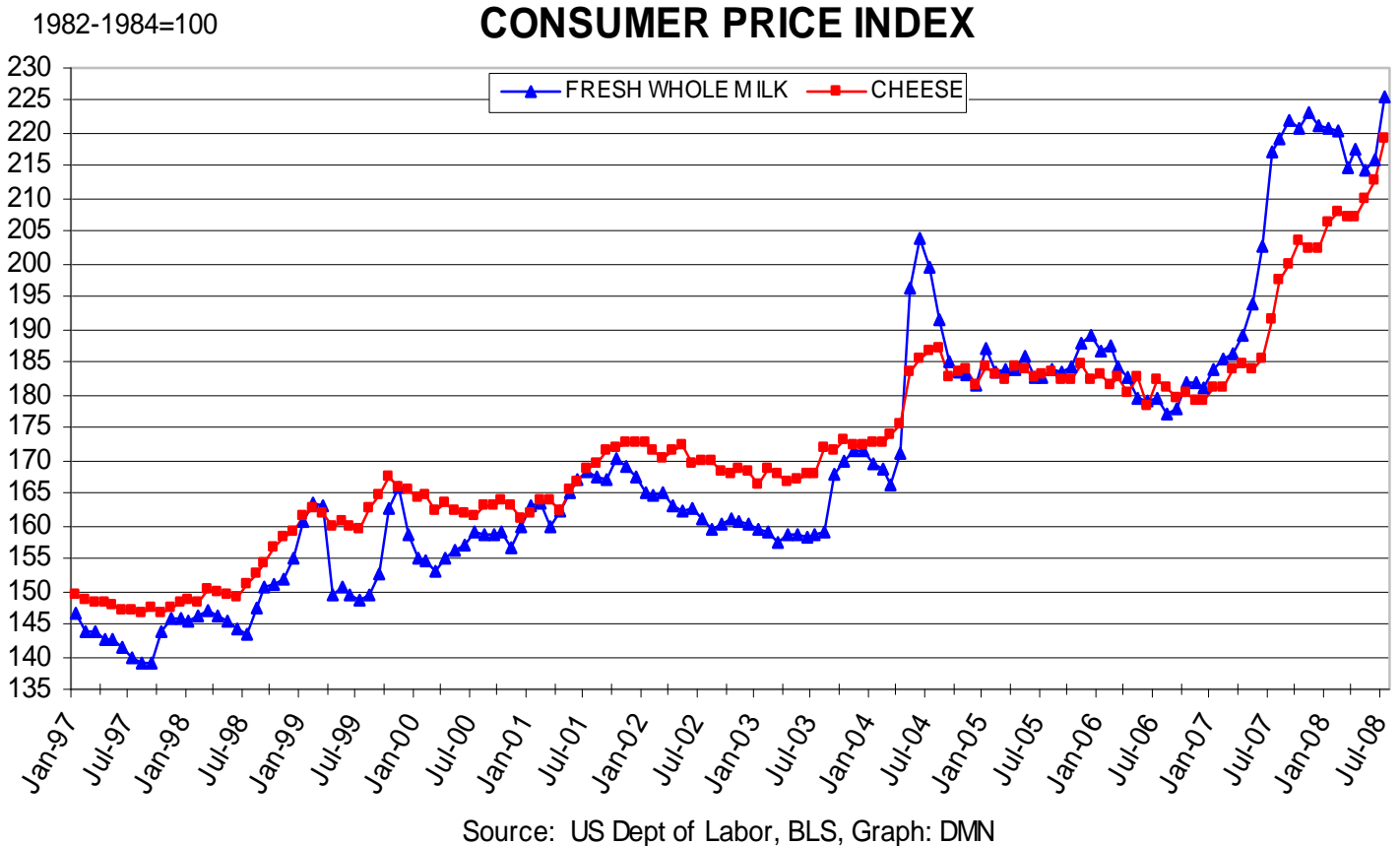
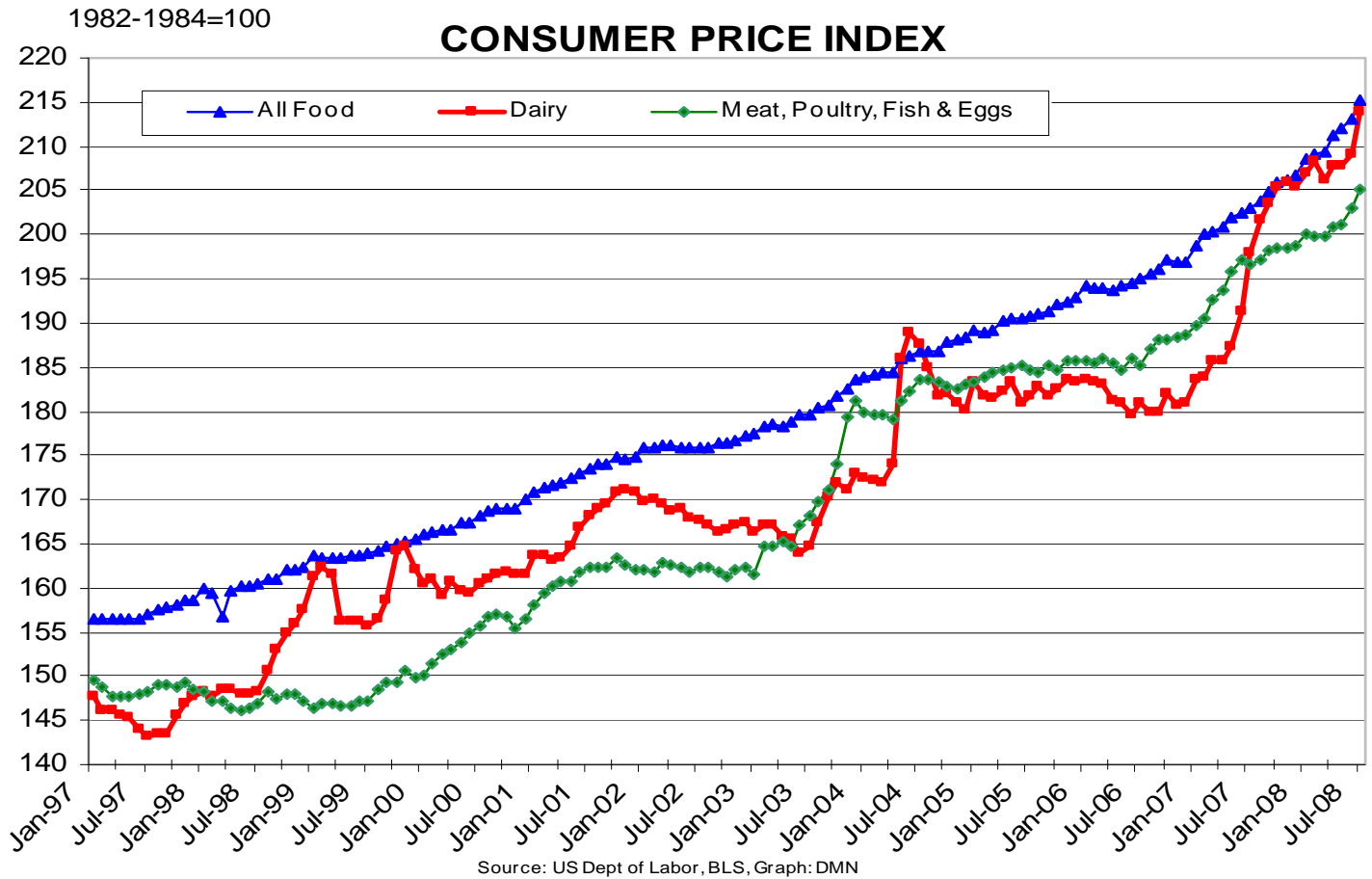
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

Milk Feed Price Ratio



Weekly Dairy Cow Slaughter under Federal Inspection





DAIRY MARKET NEWS

GENERAL NUMBER

Elizabeth Frederick
(608) 250-3200
Elizabeth.Frederick@USDA.GOV

VOLUME: 75

REPORT: 36

DATE: 09/05/08

NORTHEAST/SOUTHEAST

Eric Graf
(608) 250-3203
Eric.Graf@USDA.GOV

INTERNATIONAL

Steven Schneeberger
(608) 250-3204
Steven.Schneeberger@USDA.GOV

CENTRAL

George Koerner
(608) 250-3205
George.Koerner@USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

Janet Linder
(608) 250-3207
Janet.Linder@USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 250-3208

FAX

(608) 250-3216

SOUTHWEST

Lester "Butch" Speth
(608) 250-3202
Butch.Speth@USDA.GOV

USDA, Dairy Market News
122 E Olin Ave Ste 290
Madison, WI 53713-1475

NORTHWEST/MOUNTAIN

Donald Nelson
National Supervisor
(608) 250-3206
DonaldO.Nelson@USDA.GOV